

Fact Sheet for CBO's March 2005 Baseline: MEDICARE

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By fiscal year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
MEDICARE TOTALS:												
Mandatory Outlays (in billions of dollars) /1	\$297.2	\$327.5	\$378.6	\$428.0	\$456.2	\$485.5	\$520.8	\$566.9	\$598.1	\$656.1	\$712.1	\$773.1
Discretionary Outlays	<u>4.3</u>	<u>4.0</u>	<u>4.1</u>	<u>4.3</u>	<u>4.5</u>	<u>4.6</u>	<u>4.8</u>	<u>5.1</u>	<u>5.3</u>	<u>5.6</u>	<u>5.9</u>	<u>6.2</u>
Total Outlays	301.5	331.5	382.7	432.3	460.6	490.1	525.7	572.0	603.4	661.7	718.0	779.3
Total Offsetting Receipts /2	-32.1	-37.9	-52.5	-60.8	-65.9	-70.7	-77.3	-84.8	-92.0	-101.4	-112.2	-123.8
Net Outlays (Total Outlays - Receipts)	269.4	293.6	330.2	371.4	394.8	419.5	448.3	487.1	511.4	560.3	605.8	655.6
Net Mandatory Outlays (Mandatory Outlays - Receipts) /3	265.0	289.6	326.1	367.1	390.3	414.8	443.5	482.1	506.1	554.7	599.9	649.3
COMPONENTS OF MANDATORY OUTLAYS:												
Benefits (in billions of dollars)												
Part A	\$163.8	\$177.8	\$182.4	\$194.2	\$203.8	\$215.5	\$228.4	\$246.0	\$253.8	\$274.6	\$292.4	\$312.2
Part B	131.4	145.9	149.5	159.4	166.6	175.9	187.7	205.9	215.9	238.7	258.9	280.6
Part D /4	<u>0.2</u>	<u>1.1</u>	<u>44.7</u>	<u>72.9</u>	<u>84.2</u>	<u>92.6</u>	<u>103.1</u>	<u>113.4</u>	<u>126.8</u>	<u>141.1</u>	<u>159.1</u>	<u>178.7</u>
Total	295.3	324.7	376.6	426.4	454.6	483.9	519.2	565.3	596.5	654.4	710.4	771.5
Administration /5	1.8	2.7	1.9	1.6	1.6	1.6	1.6	1.6	1.6	1.7	1.7	1.7
Total Mandatory Outlays	297.2	327.5	378.6	428.0	456.2	485.5	520.8	566.9	598.1	656.1	712.1	773.1
Annual Growth Rates:												
Mandatory Outlays	8.4%	10.2%	15.6%	13.1%	6.6%	6.4%	7.3%	8.8%	5.5%	9.7%	8.5%	8.6%
Discretionary Outlays	<u>16.3%</u>	<u>-7.9%</u>	<u>3.2%</u>	<u>4.2%</u>	<u>4.0%</u>	<u>4.1%</u>	<u>4.3%</u>	<u>4.5%</u>	<u>5.0%</u>	<u>5.3%</u>	<u>5.3%</u>	<u>5.3%</u>
Total Outlays	8.5%	9.9%	15.4%	13.0%	6.6%	6.4%	7.2%	8.8%	5.5%	9.7%	8.5%	8.5%
Total Premium Receipts	13.0%	17.9%	38.5%	15.9%	8.3%	7.3%	9.4%	9.7%	8.5%	10.2%	10.7%	10.3%
Net Outlays (Total Outlays - Receipts)	8.0%	9.0%	12.5%	12.5%	6.3%	6.2%	6.9%	8.7%	5.0%	9.6%	8.1%	8.2%
Net Mandatory Outlays (Mandatory Outlays - Receipts)	7.9%	9.3%	12.6%	12.6%	6.3%	6.3%	6.9%	8.7%	5.0%	9.6%	8.2%	8.2%
Memorandum:												
Number of Capitation Payments /6	12	13	11	12	12	12	12	13	11	12	12	12
Mandatory Outlays, adjusted to reflect 12 capitation payments each year	\$297.2	\$323.7	\$382.4	\$428.0	\$456.2	\$485.5	\$520.8	\$559.4	\$605.6	\$656.1	\$712.1	\$773.1
Annual growth rate:	8.4%	8.9%	18.1%	11.9%	6.6%	6.4%	7.3%	7.4%	8.3%	8.3%	8.5%	8.6%

Notes:

- 1/ Average annual rate of growth of mandatory outlays from fiscal year 2005 through 2015 is 9.0 percent.
- 2/ Offsetting receipts include premiums and amounts paid by the states.
- 3/ Average annual rate of growth of net mandatory outlays from fiscal year 2005 through 2015 is 8.4 percent.
- 4/ Includes spending for transitional assistance (the "drug card", which actually is Part B spending) during 2004 through 2006.
- 5/ Mandatory outlays for administration in all years support quality improvement organizations and certain activities against fraud and abuse. Those outlays include payment of Part B premiums for qualified individuals during 2004 through 2006, spending in 2004 through 2006 for implementation of the prescription drug benefit and the Medicare Advantage program, and payments to Medicaid for the cost of determining whether beneficiaries are eligible for the low-income subsidy under Part D.
- 6/ In general, capitation payments to group plans for the month of October are accelerated into the preceding fiscal year when October 1st falls on a weekend. However, the Balanced Budget Act of 1997 requires that the October payment in 2006 will be made on October 2 instead of September 29.

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COMPONENTS OF BENEFITS PAYMENTS:												
Part A: Hospital Insurance (HI)												
Hospital Inpatient Care (in billions of dollars)	\$113.7	\$120.2	\$125.1	\$129.5	\$135.5	\$142.2	\$149.5	\$157.6	\$167.0	\$177.7	\$189.3	\$201.6
Skilled Nursing Facilities (Part A only)	16.1	17.0	17.3	17.0	16.7	17.4	18.3	19.3	20.5	21.7	23.1	24.5
Hospice	7.3	8.3	9.2	10.1	10.9	11.6	12.4	13.1	13.9	14.7	15.6	16.6
Part B: Supplementary Medical Insurance (SMI)												
Physician Fee Schedule	52.0	56.5	58.1	57.8	57.5	58.3	60.8	64.9	70.5	77.1	84.0	90.8
Other Professional & Outpatient Ancillary Services /1	24.9	25.7	27.1	28.6	30.3	32.2	34.4	37.2	40.9	45.0	49.6	54.6
Other Facilities /2	14.9	16.3	16.9	17.6	18.5	19.8	21.1	22.5	24.0	25.6	27.3	29.1
Hospital Outpatient PPS Services	15.1	16.8	18.2	19.7	21.5	23.4	25.4	27.6	29.9	32.6	35.3	38.3
Parts A & B												
Group Plans	39.8	48.1	45.7	57.5	63.4	68.6	74.7	88.1	79.4	92.7	98.2	105.2
Home Health Agencies	11.2	12.2	13.3	14.7	16.2	17.8	19.6	21.5	23.7	26.2	28.9	32.0
Not Assigned to Particular Services /3	0.0	2.5	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Part D: Prescription Drug Benefits												
Payments to Prescription Drug Plans	0	0	31.3	51.7	60.2	66.3	74.3	82.0	92.5	103.6	117.9	132.8
Payments to Union/Employer-sponsored Plans	0	0	4.3	6.1	6.3	6.4	6.7	7.0	7.0	6.9	6.9	7.4
Low-income Subsidy Payments /4	0.2	1.1	9.0	15.2	17.7	19.9	22.1	24.4	27.3	30.5	34.3	38.5
Total, Medicare Benefits	295.3	324.7	376.6	426.4	454.6	483.9	519.2	565.3	596.5	654.4	710.4	771.4
Memorandum: Medicare Benefits, adjusted to include 12 capitation payments each year	295.3	320.9	380.4	426.4	454.6	483.9	519.2	557.8	604.0	654.4	710.4	771.4

Notes:

- 1/ Includes durable medical equipment, independent and physician in-office laboratory services, ambulance services, and other services paid by carriers.
- 2/ Includes hospital outpatient non-PPS services, laboratory services in hospital outpatient departments, rural health clinic services, outpatient dialysis, and other services paid by fiscal intermediaries. Also includes payments to skilled nursing facilities for services covered under Part B.
- 3/ Includes \$1.5 billion over the 2005-2007 period based on unexpectedly rapid growth in spending during the first five months of fiscal year 2005. Also includes \$3 billion over the same period for anticipated payments to reimburse state Medicaid programs that paid for services furnished to certain individuals who should have been enrolled in Medicare. Those individuals were enrolled in the Supplemental Security Insurance program and were not subsequently enrolled in the Social Security Disability Insurance (DI) program when they became eligible for it. Enrollees in the DI program become eligible for Medicare after a two-year waiting period.
- 4/ Includes spending for transitional assistance (the "drug card", which actually is Part B spending) during 2004 through 2006.

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ANNUAL GROWTH RATES FOR COMPONENTS OF BENEFITS PAYMENTS:												
Hospital Inpatient Care	4.1%	5.7%	4.1%	3.5%	4.6%	5.0%	5.1%	5.4%	6.0%	6.4%	6.5%	6.5%
Skilled Nursing Facilities (Part A only)	16.5%	5.6%	1.6%	-1.7%	-1.8%	4.2%	5.5%	5.6%	5.9%	6.1%	6.2%	6.3%
Hospice	24.5%	13.8%	10.7%	9.8%	7.3%	6.8%	6.4%	5.9%	5.8%	6.0%	6.0%	6.4%
Physician Fee Schedule	9.9%	8.7%	2.8%	-0.6%	-0.5%	1.4%	4.2%	6.8%	8.6%	9.3%	9.0%	8.1%
Other Professional & Outpatient Ancillary Services /1	8.8%	3.2%	5.3%	5.7%	5.7%	6.3%	6.9%	8.1%	10.0%	10.1%	10.1%	10.1%
Other Facilities /2	5.9%	9.0%	3.7%	4.7%	5.1%	6.6%	6.7%	6.6%	6.5%	6.7%	6.8%	6.7%
Hospital Outpatient PPS Services	16.2%	11.1%	8.3%	8.2%	9.2%	8.9%	8.5%	8.9%	8.3%	8.9%	8.4%	8.4%
Group Plans	9.6%	21.0%	-4.9%	25.8%	10.1%	8.3%	8.8%	18.0%	-9.9%	16.9%	5.9%	7.1%
Home Health Agencies	12.1%	9.0%	9.0%	9.8%	10.5%	10.1%	9.9%	9.8%	10.1%	10.4%	10.6%	10.7%
Subtotal, Medicare Part A and Part B Benefits	8.3%	10.0%	16.0%	13.2%	6.6%	6.4%	7.3%	8.9%	5.5%	9.7%	8.6%	8.6%
Prescription Drug Plans and Union/Employer-sponsored Plans	--- not applicable ---			61.8%	15.2%	9.2%	11.5%	9.8%	11.8%	11.2%	12.9%	12.3%
Low-income Subsidy /3	--- not applicable ---			67.8%	16.8%	12.4%	11.0%	10.4%	11.9%	11.8%	12.4%	12.3%
Subtotal, Part D Benefits	--- not applicable ---			63.0%	15.6%	9.9%	11.4%	10.0%	11.8%	11.3%	12.8%	12.3%
Total, Medicare Benefits	8.3%	10.0%	16.0%	13.2%	6.6%	6.4%	7.3%	8.9%	5.5%	9.7%	8.6%	8.6%
Memorandum: Medicare Benefits, adjusted to include												
12 capitation payments each year												
Part A and Part B Benefits	8.3%	8.4%	4.9%	5.3%	4.8%	5.7%	6.3%	6.8%	7.4%	7.6%	7.4%	7.5%
Total Medicare Benefits	8.3%	8.7%	18.5%	12.1%	6.6%	6.4%	7.3%	7.4%	8.3%	8.4%	8.6%	8.6%

Notes:

- 1/ Includes durable medical equipment, independent and physician in-office laboratory services, ambulance services, and other services paid by carriers.
- 2/ Includes hospital outpatient non-PPS services, laboratory services in hospital outpatient departments, rural health clinic services, outpatient dialysis, and other services paid by fiscal intermediaries. Also includes payments to skilled nursing facilities for services covered under Part B.
- 3/ Includes spending for transitional assistance (the "drug card", which actually is Part B spending) during 2004 through 2006.

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COMPARISON OF MEDICARE SPENDING AND DEDICATED FUNDING												
Total Medicare Outlays (billions of dollars)	\$301.5	\$331.5	\$382.7	\$432.3	\$460.6	\$490.1	\$525.7	\$572.0	\$603.4	\$661.7	\$718.0	\$779.3
Dedicated Medicare Financing Sources /1												
Part A (HI)	163.3	177.2	188.0	199.3	211.0	222.8	234.6	247.2	260.3	273.0	286.3	299.9
Part B (SMI)	27.1	32.2	34.3	36.3	38.4	40.9	44.6	49.2	52.8	58.1	64.1	70.6
Part D	<u>0.0</u>	<u>0.0</u>	<u>12.1</u>	<u>17.9</u>	<u>20.4</u>	<u>22.3</u>	<u>24.7</u>	<u>27.0</u>	<u>30.2</u>	<u>33.5</u>	<u>37.6</u>	<u>41.9</u>
Subtotal, Dedicated Medicare Financing Sources	190.5	209.4	234.3	253.5	269.8	286.0	304.0	323.4	343.2	364.6	388.0	412.4
General Revenue Medicare Funding	111.0	122.1	148.3	178.8	190.9	204.1	221.7	248.6	260.2	297.0	330.0	366.9
General Revenue Medicare Funding (percent of total outlays)	36.8%	36.8%	38.8%	41.4%	41.4%	41.6%	42.2%	43.5%	43.1%	44.9%	46.0%	47.1%
Excess General Revenue Medicare Funding (in percent)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1.0%	2.1%
STATUS OF HOSPITAL INSURANCE TRUST FUND:												
HI Trust Fund Income (billions of dollars)												
Receipts (mostly payroll taxes)	\$165.8	\$179.3	\$190.0	\$201.4	\$213.2	\$225.1	\$237.1	\$249.8	\$263.0	\$275.9	\$289.4	\$303.1
Interest	<u>15.0</u>	<u>16.7</u>	<u>17.8</u>	<u>18.8</u>	<u>20.1</u>	<u>21.6</u>	<u>23.1</u>	<u>24.5</u>	<u>26.4</u>	<u>27.6</u>	<u>29.0</u>	<u>30.2</u>
Total Income	180.8	195.9	207.8	220.2	233.3	246.7	260.2	274.3	289.4	303.5	318.3	333.3
HI Trust Fund Outlays	167.0	181.0	185.5	197.4	207.1	218.9	231.9	249.7	257.5	278.5	296.5	316.4
HI Trust Fund Surplus (income minus outlays)	13.8	14.9	22.2	22.8	26.2	27.8	28.3	24.6	31.9	25.1	21.9	16.9
HI Trust Fund Balance (end of year)	264.9	279.8	302.0	324.8	351.0	378.8	407.1	431.8	463.6	488.7	510.5	527.4
COMPONENTS OF HOSPITAL INPATIENT PAYMENTS:												
Inpatient Operating	\$104.1	\$110.1	\$114.7	\$119.0	\$124.7	\$131.2	\$138.1	\$145.8	\$154.7	\$164.9	\$175.9	\$187.7
Inpatient Capital	9.6	10.1	10.3	10.5	10.8	11.1	11.4	11.8	12.3	12.8	13.4	13.9
Disproportionate Share /2	7.9	8.5	8.9	9.3	9.7	10.2	10.8	11.4	12.1	12.9	13.7	14.7
Indirect Medical Education /2,3	6.1	6.2	6.2	6.2	6.7	7.0	7.4	7.8	8.3	8.9	9.5	10.1
Graduate Medical Education /3,4	1.8	1.8	1.8	1.9	1.9	1.9	2.0	2.0	2.0	2.1	2.1	2.2
PAYMENT UPDATES AND CHANGES IN PRICE INDEXES:												
Part A: (fiscal year)												
PPS Market Basket Increase	3.4%	3.3%	3.0%	2.9%	3.0%	3.0%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
PPS Update Factor	3.4%	3.3%	3.0%	2.9%	3.0%	3.0%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
Part B: (calendar year)												
Physician Medicare Economic Index (MEI)	3.1%	3.5%	2.8%	2.4%	2.3%	2.4%	2.2%	2.2%	2.2%	2.1%	2.1%	2.1%
CPI-U	2.7%	2.4%	1.9%	2.1%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%

Notes:

- 1/ Dedicated sources of revenue include Medicare payroll taxes, the Medicare share of taxes on certain Social Security benefits, Part D payments by states, and beneficiary premiums paid from nonfederal sources. However, dedicated revenues do not include premiums paid by the federal government--such as the federal share of Part A and Part B premiums paid by Medicaid, or Part D premiums paid by the low-income subsidy program.
- 2/ Included in both Inpatient Operating payments and Inpatient Capital payments.
- 3/ Includes subsidies for medical education that are paid to hospitals that treat patients enrolled in Medicare Advantage plans.
- 4/ Included in Inpatient Operating payments.

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BENEFICIARY COST SHARING:												
Deductible (calendar year, in dollars)												
Part A (per hospital admission)	\$876	\$912	\$944	\$980	\$1,016	\$1,056	\$1,096	\$1,136	\$1,180	\$1,224	\$1,272	\$1,320
Part B (per year)	100	110	112	117	121	125	131	141	144	155	163	172
Part D (per year)			250	270	295	320	345	375	405	440	475	515
Monthly Premium (calendar year, in dollars)												
Part A (for voluntary enrollees) /1	\$343	\$375	\$381	\$399	\$411	\$427	\$444	\$468	\$470	\$494	\$512	\$532
Part B /2	66.60	78.20	79.60	83.30	85.80	89.20	94.60	100.50	103.80	111.10	117.10	123.20
Part D (on average) /3			36.60	37.10	40.90	43.60	47.10	50.30	54.40	58.70	63.80	67.70
Offsetting Receipts (fiscal year, in billions of dollars)												
Part A Premiums	-\$1.8	-\$2.2	-\$2.3	-\$2.4	-\$2.5	-\$2.6	-\$2.7	-\$2.9	-\$2.9	-\$3.1	-\$3.2	-\$3.3
Part B Premiums /4	-30.3	-35.6	-38.1	-40.5	-43.0	-45.8	-49.9	-55.0	-58.9	-64.8	-71.4	-78.6
Part D Premiums /5	0	0	-6.0	-9.0	-10.5	-11.5	-12.9	-14.3	-16.3	-18.3	-21.0	-23.8
Part D Payments by States	0	0	-6.0	-9.0	-9.9	-10.8	-11.8	-12.7	-13.9	-15.2	-16.6	-18.0
Federal Share of Premiums Paid by Medicaid (fiscal year, in billions)												
Part A	\$0.9	\$1.1	\$1.2	\$1.3	\$1.4	\$1.5	\$1.6	\$1.7	\$1.8	\$1.9	\$2.0	\$2.2
Part B	3.2	3.5	3.8	4.2	4.6	4.9	5.3	5.7	6.1	6.7	7.3	7.9
Total	4.1	4.6	5.0	5.5	5.9	6.3	6.8	7.4	7.9	8.6	9.4	10.1
ENROLLMENT:												
Part A (fiscal year, in millions)	41.0	41.5	42.1	42.8	43.6	44.4	45.2	46.2	47.4	48.8	50.2	51.6
Part B	38.9	39.4	40.0	40.6	41.3	42.1	42.9	43.8	44.9	46.2	47.5	48.8
Part D /6	-- not applicable --	-- not applicable --	34.0	38.0	38.7	39.4	40.1	41.0	42.1	43.3	44.5	45.8
Part D Low-income Subsidy	-- not applicable --	-- not applicable --	9.0	9.8	10.3	10.6	10.8	11.1	11.5	11.9	12.3	12.6
Part A Fee-for-service Enrollment	35.7	36.0	36.2	36.3	36.7	37.2	37.7	38.4	39.5	40.6	41.8	43.0
Group Plan Enrollment /7	5.3	5.5	5.9	6.5	6.9	7.2	7.5	7.7	8.0	8.2	8.4	8.6
Memo: Medicare+Choice or Medicare Advantage Enrollment	4.7	4.9	5.3	5.9	6.4	6.8	7.1	7.4	7.6	7.8	8.0	8.3
Share of Medicare Part A Enrollment:												
Fee-for-service	87.1%	86.8%	86.0%	84.9%	84.2%	83.9%	83.5%	83.3%	83.2%	83.2%	83.3%	83.3%
Group Plans /7	12.9%	13.2%	14.0%	15.1%	15.8%	16.1%	16.5%	16.7%	16.8%	16.8%	16.7%	16.7%
Growth in Enrollment:												
Total Medicare Enrollment (Part A)	1.7%	1.3%	1.4%	1.6%	1.8%	1.9%	1.9%	2.2%	2.7%	2.9%	2.9%	2.8%
Fee-for-service (Part A)	1.9%	0.9%	0.5%	0.4%	1.0%	1.4%	1.4%	1.9%	2.6%	2.9%	2.9%	2.8%
Group plans (Part A)	0.2%	3.8%	7.7%	9.3%	6.3%	4.3%	4.2%	3.6%	3.0%	2.7%	2.8%	2.7%

Notes:

- 1/ Persons 65 and older are entitled to Part A coverage (they do not pay a monthly Part A premium) if they are eligible for Social Security or Railroad Retirement monthly cash benefits. Persons 65 and older who are not entitled may obtain Part A coverage by paying a monthly premium equal to the full actuarial cost of that coverage.
- 2/ Monthly premium for beneficiaries not subject to the income-related surcharge.
- 3/ The premium for prescription drug coverage will be based on the bid that each plan submits. Thus, premiums will vary across plans.
- 4/ Part B premium receipts include the income-related premium.
- 5/ Excludes premiums paid by the low-income subsidy program.
- 6/ Includes enrollees in qualified prescription drug plans and beneficiaries in qualified union-sponsored or employer-sponsored plans.
- 7/ Includes Medicare Advantage, cost contracts, and demonstration contracts covering Medicare Parts A and B. Does not include Health Care Prepayment Plans (HCPPs), which cover Part B services only. Does not reflect effect of use of stabilization funds on enrollment in regional preferred provider organizations.